

November 1998

## Questions and Answers: Copyright Column

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### Recommended Citation

Gasaway, Laura N. (1998) "Questions and Answers: Copyright Column," *Against the Grain*: Vol. 10: Iss. 5, Article 25.

DOI: <https://doi.org/10.7771/2380-176X.3004>

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# Questions and Answers — Copyright Column

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**Question:** *When a university faculty member develops a distance learning course, who owns the copyright of such course when it is transmitted over television or the Internet?*

**Answer:** Since this matter has not been litigated, the law and tradition surrounding faculty-produced works generally is relevant. Many experts believe that the institution has a good claim on all copyrighted works produced by the faculty member since they are works for hire. However, the tradition in American higher education has been for the faculty member to own the copyright. Few universities claim any rights to these works even when they are textbooks or bestselling novels and there are substantial royalties involved. Sometimes, when the work is a videotape or software, the institution has asked to be reimbursed for expenses it incurred in the production of the work, but the faculty member "writes" these works as a part of their scholarly contribution. Thus, universities traditionally do not claim copyright.

Courses may present different issues. Both the faculty member and the institution have a good claim on the copyright. The course so developed is definitely within the scope of the faculty member's employment, and yet the tradition mentioned above would indicate that the faculty member should own the work.

Many universities are examining their copyright policies to deal with the ownership issue specifically because of the course development and course materials issue. The ideal solution is for joint ownership since both the school and the faculty member have a valid claim. This should be worked out in advance, however, and not after the fact when a dispute arises. Joint ownership agreements should cover continued use within the university, the faculty member's right to use the course should she move to another university, as well as the rights to market the course on the outside.

**Question:** *What should an independent business research firm do when its clients request monthly digests or synopses of news developments on various topics? This could include monitoring competitor activities that are covered in the news media or tracking issues and trends. The clients then want to distribute these summaries/synopses widely within their companies.*

**Answer:** This question indirectly raises the problem of using author or publisher produced abstracts versus doing one's own work. Published abstracts are separately copyrighted as adaptations of the original work, and the copyright belongs to the author or it may have been transferred to the publisher.

Gathering information, summarizing the factual content and producing this for a client is a fair use as long as the work the research firm does is original and does not copy extensive portions of copyrighted works. To some extent, this may be the difference in an annotation and an abstract. The annotation describes the work rather than extracts the research results. It uses phrases such as: "the author indicates that ...," "there are four pie charts that ...", and the like. Such summaries are fair use as long as they do not supplant the market for the original. Therefore, distributing them within the company should not present problems. The research firm may want to place some notice on the summary to indicate that the research product is not to be used outside the client's business.

**Question:** *Our library is trying to get copyright clearance for a 1925 article to put on reserve for students. The journal is out of print and the publisher has disappeared. Is it safe to put the article on reserve without copyright clearance?*

**Answer:** Most libraries do not seek permission to put copies of works, i.e., reproductions, for use the first semester or term. For subsequent semesters, they do seek permission based on the 1982 ALA Model Policy. Assuming that this is the second term use, the following applies.

The article may still be protected by copyright. The journal publisher copyright holder would have received 28 years of protection, so the work was definitely protected through 1953. In 1953, the publisher would have to have applied for a renewal of copyright. If it did so, the copyright would have been renewed for an additional 28 years — until 1981. By that time the Copyright Act of 1978

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remove a competitor's name or trademark from a product and stick on your own. It is implied when you obliterate the name and sell it unbranded.

You reverse palm off by slightly modifying a product and selling it under your mark. 7 F.3d at 1437 (quoting *Roho, Inc. v. Marquis*, 902 F.2d 356, 359 (5th Cir.1990)).

Put in the context of copyright, "bodily appropriation" is the "copying or unauthorized use of substantially the entire item." *Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197, 205 (9th Cir.1989). Consistent with this, trivial changes—salting a work with a few fresh sentences—would not let you slip past the Lanham Act prohibitions.

The 1990 edition of *Robert's Rules* had fourteen areas of revision. The court found that most of Cleary's chapters had changes—sentences, paragraphs, or pages. Some of


them altered previous rules. Cleary's work was not bodily appropriated.

The Second Circuit applies a "consumer confusion" test. In *Rosenfeld v. W.B. Saunders, A Division of Harcourt Brace Jovanovich*, 728 F.Supp. 236 (S.D.N.Y.), *aff'd*, 923 F.2d 845 (2d Cir.1990), the author of a first edition of a multi-volume treatise on plastic surgery had his name dropped from the third edition.

*Rosenfeld* holds that the harm of reverse palming off is (1) the ultimate purchaser is deceived as to what he is buying, and (2) the originator of the misidentified product is robbed of the advertising value of its name and goodwill.

The editor had in the preface described the author's contribution to the first edition. The court noted that the work was not "mass market." There was no danger of purchasers casually plucking it off a shelf deluded about what they were buying. Consumers of sophisticated reference books are only too aware that treatises with new editions build upon previ-

ous works. Indeed, they are probably familiar with the earlier editions.

*At the risk of really confusing you, we've been talking about reverse passing/palming off. Straight passing off is done expressly by labeling your goods and services with someone else's trademark. It is implied if you use a competitor's advertising material to represent that your product is made by the competitor. Lamothe v. Atlantic Recording Corporation, 847 F.2d 1403 (9th Cir.1988). The Ninth Circuit has California and much of the music industry litigation.* 

Also on the subject of works-for-hire, see *Anne Jennings Cases of Note, ATG, Sept. 1995*. She discusses the case of the artist *Patrick Nagel* versus *Playboy* and the question of whether a painting is a work-for-hire if *Playboy* did not tell the artist what it wanted in the picture.



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author's work be based on the publisher's good faith determination that the manuscript is not publishable. This means that the publisher must have an honest belief that the work is unsatisfactory. In other words, even if the publisher has attempted to work with an author to revise his/her manuscript, that attempt does not release the publisher from the duty to reject the manuscript in good faith.

If the work has potential legal problems, such as defamation, invasion of privacy or copyright infringement, the word "satisfactory" as interpreted by the publisher means that the work will only be accepted for publication once it has been cleared by appropriate legal counsel. The courts have sustained a publisher's rejection of a manuscript on their counsel's opinion that publication of the work might expose the publisher to litigation.

Therefore, the bottom line in regarding the acceptability of the manuscript if litigation should occur, is that since the standard of acceptability is a subjective one, that if the publisher can demonstrate a good reason why the manuscript is unacceptable, the likely result would be that rejection of the manuscript was justified.

The stipulated delivery date for the manuscript may have greater relevancy for the publisher depending upon the timeliness of the topic. In the event the delivery date is to be extended, it should be done in writing and be an amendment to the contract. On the other hand, if the publisher does not want to extend the delivery date this should also be done in writing.

**Action:** Always record in writing any and all misgivings you may have about the manuscript. These documents will help protect the publisher in the event the manuscript is rejected and not published and litigation results.

**Action:** The publisher may want to impress upon the author the importance of the manuscript delivery and acceptance conditions by incorporating language in the contract that the provisions as to content, form and time of receipt of the manuscript by the publisher are material terms and, in the event the author fails to comply with these provisions, that the publisher may, at her option, terminate the publishing agreement with the author.

**Do Not:** The acceptance clause should never permit only the delivery of a complete manuscript without also stating that the manuscript must be satisfactory to the publisher. In a recent case involving **Joan Collins** and **Random House**, Ms. Collins' agent was successful in persuading Random House to delete its normal "manuscript in form and content satisfactory to publisher" language and replace it with the phrase "complete manuscript." Although the publisher rejected Ms. Collins completed manuscript as unsatisfactory, the court allowed her to retain the \$1.2

million advance. This was because the court ruled that Ms. Collins had fulfilled her requirement of delivering the complete manuscript to Random House and because the contract failed to state that the manuscript had to be satisfactory to Random House.

### **Author's Failure to Deliver a Timely and Acceptable Manuscript**

If an author delivers an unsatisfactory manuscript and fails to revise the work so that it is acceptable to the publisher then the publisher may have the contractual right to terminate the publishing contract and the author will usually be required to repay any royalty advance previously paid by the publisher. Courts have generally held that keeping an unearned royalty advance should not unjustly enrich an author who failed to perform his/her part of the contract by delivering a satisfactory manuscript to the publisher. Industry custom has usually limited the author's obligation to only return the previously paid advance; however, a provision in the contract could require the author to reimburse the publisher for the publisher's pre-publication production and promotional expenses. Frequently a publishing contract will have a "first proceeds" clause that permits the author to delay the repayment of the royalty advance for a stated period of time in the hope that the author during that time period will sell his/her work to another publisher and thereby be able to repay the original publisher from the monies received from the second publisher.


Courts are generally unwilling to award any damages other than royalty advances to either the publisher who received an unsatisfactory manuscript or to the author when the publisher may have wrongfully refused to publish a manuscript. The reason for not awarding damages other than royalty advances is that it is highly speculative for the court to determine the amount that should be awarded to the injured party. In contracts in other industries, courts can determine how much one party would have paid had the contract been performed, but, because of the uncertainties in publishing, even an author or publisher with a proven track record cannot prove that a book would have sold a certain number of copies.

Courts will not order specific performance of a publishing contract. This is because it would be nearly impossible for a court to supervise such an order. It is also unlikely that a court would compel an already recalcitrant publisher to publish what the publisher deems to be an unsatisfactory manuscript. In addition, some courts have implied that ordering the publication of a work that a publisher does not wish to publish would implicate free speech concerns under the First Amendment.

### **Conclusion**

Perhaps even more than other areas of publishing law, the law surrounding the de-

livery and acceptance of a satisfactory manuscript and the remedies for a breach on either side is usually determined by the circumstances of each particular case. Evidence that one party has acted in bad faith may result in a holding for the other party regardless of the other facts present in the case. This may be especially true in the book publishing industry because book-publishing contracts contain implied covenants of good faith and fair dealing.

The publisher to protect herself should make certain that all comments regarding dissatisfaction with a manuscript be put in writing and editors should be encouraged to work with an author in attempting to turn an unsatisfactory manuscript into a satisfactory one before it is rejected. The courts recognize that publishing decisions concerning a manuscript are not cast in "black" or "white" and that they are based on the publisher's personal taste and judgment, but they also recognize that the parties must work together in good faith. 

*This article is not legal advice. You should consult an attorney if you have legal questions that relate to your specific publishing issues and projects. Lloyd L. Rich is an attorney practicing publishing and intellectual property law. He can be reached at 1163 Vine Street, Denver, CO 80206. Phone: (303)388-0291; Fax: (303) 388-0477; e-mail: rich@csn.net; Web Site: <http://www.publaw.com>. Jennifer L. Fountain, a recent graduate of the University of Denver School of Law, provided the research for this article.*

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was in effect, and a second renewal had to be requested between 12-31-76 and 12-31-77 for it to acquire another 19 years. If this occurred, the copyright was renewed until the year 2000. This would have given the work 75 years of protection. See section 304(b) of the Copyright Act.

Today we think of older works as having no more than 75 years of total protection. But, that 75 years is calculated from the end of the calendar year. So the magic year is still 1922; it will be 1923 after 12-31-98. Only the Copyright Office records can answer whether the copyright was so renewed.

After the library has done all that it can to determine whether the work is still protected and to locate a copyright owner, then the library must do a risk assessment. What is the risk of liability for placing a 1925 article on reserve when the journal is defunct and the publisher has disappeared? While the risk in this situation surely is very low, the best solution is to consult university counsel in order to make this decision. 